



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Two Maryland Men Plead Guilty to Federal Charges for Roles in Massive Identity Theft and Tax Fraud Scheme *Worked with Others to Seek More Than \$700,000 in Fraudulent Refunds*

Two Maryland residents pleaded guilty today for their involvement in a far-reaching stolen identity refund fraud scheme in which they worked with others to seek over \$700,000 in income tax refunds through the filing of fraudulent federal income tax returns, announced Acting Assistant Attorney General Caroline D. Ciraolo of the Justice Department's Tax Division, U.S. Attorney Channing D. Phillips of the District of Columbia, Special Agent in Charge Thomas Jankowski of the Internal Revenue Service-Criminal Investigation (IRS-CI), Inspector in Charge Maria L. Kelokates of the U.S. Postal Inspection Service, Washington Division and Assistant Inspector General for Investigations John L. Phillips of the U.S. Department of the Treasury.

Michael Whittaker, 31, of Cumberland, Maryland, and Wayne Gardner, 49, of Capitol Heights, Maryland, are among approximately 18 participants in this scheme who have pleaded guilty to charges in the U.S. District Court for the District of Columbia. According to court documents, the overall case involves the filing of at least 12,000 fraudulent federal income tax returns that sought refunds of at least \$42 million. The two men pleaded guilty to one count of conspiracy to commit theft of public money and one count of theft of public money.

The charges carry statutory maximum prison terms of five years and 10 years, respectively, as well as potential financial penalties. As part of the plea agreements, Whittaker and Gardner agreed to pay restitution to the IRS in the amounts of \$397,090 and \$158,160, respectively, which represent that value of the U.S. Treasury checks that were negotiated as a result of their conduct. U.S. District Judge Ellen S. Huvelle set sentencing for May 18.

According to the government's evidence, Whittaker and Gardner participated in a massive and sophisticated stolen identity refund fraud scheme that involved an extensive network of more than 130 people, many of whom were receiving public assistance. The refunds were sought for tax years 2005 through 2012, often in the names of people, whose identities had been stolen, including the elderly, people in assisted living facilities, drug addicts and incarcerated prisoners. Returns were also filed in the names of, and refunds were issued to, people who were willing participants in the scheme. The refunds listed more than 400 "taxpayer" addresses located in the District of Columbia, Maryland and Virginia.

According to documents filed with the court, Whittaker and Gardner obtained the means of identification of third parties, including names and social security numbers and provided them to a co-conspirator for use in the preparation of fraudulent income tax returns. Whittaker admitted to providing 21 means of identification from August 2010 to May 2012. He also permitted various residential addresses that he controlled to be used as purported taxpayer addresses for the delivery of tax refund checks and deposited U.S. Treasury checks that were received as part of this scheme into his bank

accounts. Gardner admitted to providing 65 means of identification to a co-conspirator between August and December 2010. Whittaker admitted that he was involved in the filing of 135 fraudulent tax returns that sought refunds of approximately \$494,902. Gardner admitted that he was involved in the filing of 116 fraudulent tax returns that sought refunds of approximately \$299,984.

The fraudulent tax returns that were filed as part of the scheme included Schedules C or C-EZ that falsely claimed that each "taxpayer" operated a business, such as "barber" or "childcare," as a sole proprietorship. The returns falsely stated that the "taxpayer" had gross receipts and two or more dependent children, when, in fact, the "taxpayer" was either a victim of identity theft, was misled into providing his or her identifying information, or was a willing participant in the scheme.

In announcing the pleas, Acting Assistant Attorney General Ciraolo, U.S. Attorney Phillips, Special Agent in Charge Jankowski, Inspector in Charge Kelokates and Assistant Inspector General Phillips commended those who investigated the case. They also acknowledged the efforts of those who worked on the case from the U.S. Attorney's Office of the District of Columbia, including former Assistant U.S. Attorney Sherri L. Schornstein and Paralegal Specialists Donna Galindo and Julie Dailey. Finally, they expressed appreciation for the work of Assistant U.S. Attorney Ellen Chubin Epstein of the District of Columbia's Fraud and Public Corruption Section and Trial Attorneys Jeffrey B. Bender and Thomas F. Koelbl and former Trial Attorney Jessica Moran of the Tax Division, who prosecuted the case.

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